

STATE OF HAWAII

Accounting Manual

Volume I

Part 400: General Nature of the Accounting System

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SECTION 481: DEPARTMENTAL ACCOUNTING REQUIREMENTS

1. General. This section broadly describes departmental accounting requirements made by the Comptroller to assure adequate accounting information needed for the total accounting system and to ensure that the departmental accounting and internal control systems are being maintained properly. There are additional department-level accounting requirements which are not within the scope of this section because the departments of the State are too diverse in size, complexity, and function to be covered separately and in detail in this accounting manual.
2. Required Accounts.
 - (a) Accounts carried in the central accounting records that relate to a department's transactions must be incorporated in the departmental accounting records.
 - (b) Continuing, systematic agreement of departmental accounts with the central accounting records is required.
 - (1) Agreement should be achieved through the use of parallel budgetary accounts or reciprocal cash accounts.
 - Parallel budgetary accounts entail the use of accounts that parallel central accounting's appropriation and allotment (including encumbrance) accounts.
 - Reciprocal cash accounts entail the use of cash accounts that are maintained in reciprocal balance with central accounting's appropriation and allotment (including encumbrance) accounts.
 - (2) There should be agreement at all times without the need to reconcile.
 - (c) The accounts provide the connecting link between the departmental records, which are generally more detailed, and central accounting records, which are generally summary accounts; these connecting-link accounts necessarily duplicate each other in content.
3. Departmental Accounting. The departmental accounting systems in which the required accounts are kept may be further characterized by the following aspects:
 - (a) Manual or Mechanical. Record keeping may be performed on a manual basis or on some mechanical basis such as bookkeeping machines or computers, or on some combination of these means.

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(b) Single-Entry or Double-Entry.

- (1) Single-entry is a method of bookkeeping usually associated with smaller departments and agencies in which only records such as the DEPARTMENTAL RECORD OF CASH RECEIPTS AND DEPOSITS and the DEPARTMENTAL APPROPRIATION LEDGER are maintained. Single-entry systems should not be used for other than the most simple record keeping requirements.
- (2) Double-entry is a more controlled bookkeeping method which requires two balancing entries to record any financial transaction; for every entry made to the debit side of an account or accounts, an entry for a corresponding amount must be made to the credit side of another account or accounts. This method usually entails the maintenance of formal bookkeeping records such as journals, ledgers, or their equivalent.

(c) Inclusion or Exclusion of General Ledger Accounting. A product of double-entry bookkeeping is the "general ledger" which is a group of self-balancing accounts that provide, in summary form, information reflecting the organization's financial condition and results of operations.

(d) Specialized Departmental Accounting Systems. Certain departments and agencies should have systems which are tailored to an organization's particular operating characteristics; in some cases these specialized systems are subject to nationally-recognized accounting principles and practices promulgated by a national trade or professional organization. Educational institutions, hospitals, airports, harbors, and highways construction and maintenance are examples of departments and agencies using specialized accounting systems.

4. Required Accounting Codes. The required portions of the uniform accounting code must be provided on all of a departmental accounting system's documents that become part of the central accounting system's records. For the uniform accounting code requirements, refer to Section 610 of this manual.
5. Required Forms. All forms that become part of the central accounting system's records must be prescribed or approved by the Comptroller, as provided in Section 40-6, HRS. Questions regarding uniformity requirements on particular forms should be addressed to the Comptroller, marked for the attention of DAGS Accounting Division, where the forms control program is maintained.